EMPLOYER GUIDE: RETIREMENT SCHEME

October 2022

ACTIVE SUPER

CONTENTS

INTRODUCTION

Membership

Almost all Retirement Scheme members were originally members of the State Authorities Superannuation Scheme (SASS) and were compulsorily transferred to the Retirement Scheme on 1 July 1997 or have subsequently transferred their membership after commencing employment with an Active Super employer. The Retirement Scheme closed to new members in 1992.

Earlier schemes

There are several special provisions available to members who originally joined one of the schemes which preceded the establishment of SASS in 1988. A summary of these older schemes and the additional entitlements they carried into the Retirement Scheme are as follows:

NSW Retirement Fund (NRF)

- Pension options under some circumstances
- Minimum benefits payable on death or invalidity.

Local Government Insurance Fund

- Minimum benefits payable on resignation, dismissal, discharge, retirement, death or invalidity.

Local Government Provident Fund

- Minimum benefits payable on resignation, dismissal, discharge, death or invalidity.

Local Government Benefits Fund

- Minimum benefits payable on retirement, death or invalidity
- Some female members have a retirement age of 55
- Some former Sydney Electricity employees have a retirement age of 55.

Local Government Pension Fund

- Pension options under some circumstances
- Minimum benefits payable on death or invalidity
- Children's pensions payable on death
- Additional benefits payable on death or invalidity under some circumstances
- Additional benefits payable to age 60 under some circumstances.

Public Authorities Superannuation Scheme (PASS)

- Additional benefits payable to age 60 under some circumstances.

State Public Service Superannuation Fund (SPSSF)

- Benefit points have higher nominal value of 3% of salary. Retirement age is 55. Maximum points to age 55 are 162. Members can accrue a maximum of six points per year from ages 55 to 58.

Transport Retirement Fund

- Pension options under some circumstances

Employees who require further information on these entitlements and whether or not they apply to their Retirement Scheme membership should contact Member Care.

Benefit structure

The Retirement Scheme is a split-benefit or hybrid scheme – it is a mixture of accumulation and defined benefits. Generally, upon exiting the Retirement Scheme, a member is entitled to a lump sum comprising:

- A **Contributor Financed Benefit (CFB)**, which is made up of defined member contributions and their investment earnings, less fees and costs. It is an accumulation-style benefit component.
- An **Employer Financed Benefit (EFB)**, which is a defined benefit, funded by the employer and calculated at the time of exit.
- A **Basic Benefit (BB)**, which is technically not part of the Retirement Scheme (it is a super scheme in its own right) but it is generally viewed as part of a Retirement Scheme benefit. The BB may consist of two parts:
    - A defined BB, set at 3% of a member's salary at exit for every superable year (or part-year) of service since 1 April 1988.
    - An accumulation component, known as the Other Contributions (OC) account, which accepts payments such as co-contributions, additional employer contributions for members who have reached 180 Accrued Benefit Points (called 180 Benefit Point contributions), award contributions, other top-up contributions and rollovers.

In the case where the Retirement Scheme benefit payable is due to Death or Total and Permanent Invalidity (TPI) or the death of a member, a further component known as Additional Benefit Cover may also be payable.

Retirement age

The early retirement age is 58 for most members. However, some may be entitled to a Retirement benefit at age 55, subject to the Preservation Rules and condition of release.

Super year versus financial year

The Retirement Scheme's 'super year' runs from 1 April to 31 March, with each calendar month representing a contribution period.

However, in terms of providing members with benefit statements and reporting annual investment returns, the Retirement Scheme adheres to the Australian standard financial year.

Member defined contributions

Effective each 1 April, members may elect to contribute a specified percentage of their salaries for the next super year. For most members, the Australian contribution range is between 1% and 9% (in whole numbers only).

Prior to 1 April each year, members are sent a letter and form to offer them the opportunity to change their rate of contribution. If they complete the form and return it to the Fund (usually the deadline is the end of February) their rate will be altered from 1 April. If a form is not returned by the specified deadline, the rate will remain the same as the previous super year.

The salary used to calculate the new contribution from 1 April is the salary actually in payment to the member on the 31 December immediately preceding the next 1 April date.

Employers will be contacted at the beginning of each calendar year and asked to provide salary information for each member as at the preceding 31 December (the deadline is usually the end of January).

Using the contribution rate obtained from the member and the salary information provided by the employer, the Fund administrator will calculate each member's new monthly contribution and forward it to each employer prior to 1 April each year via the annual *Member checklist* report (commonly referred to as the salary checklist or pre-list).
Throughout the year, commencing each April, the employer will also receive a monthly *Contributions due* report, containing details of the required contributions (both member and employer) for each employee.

The employer is required to deduct the member contributions from the member's pay on an ongoing basis and forward them to the Fund, along with the corresponding employer contributions.

Calculating member contributions

Member contributions for each month are calculated by multiplying the attributed full-time salary as at 31 December by the salary ratio[1] and the employee's contribution percentage rate and then dividing by 12:

$$\frac{\text{Attributed full time salary x salary ratio x contribution rate}}{12}$$

[1] For full-time employees, the salary ratio is 1.0000

In the example below, the attributed full-time salary advised by the employer is $71,056 and the member, who is working full time, has elected to contribute at a rate of 9%:

$$\frac{\$71{,}056 \times 1.0000 \times 9\%}{12} = \$532.92$$

The employer is required to deduct from this member's pay, the equivalent of $532.92 per month for the next 12 months.

The above example is provided for information only. An employer is not required to calculate an employee's contribution for each month. The required contribution value for each member will be provided to you by the Fund administrator via the monthly *Contributions due* report (commonly referred to as the employer bill).

Deducting employee contributions

Most Active Super employers run fortnightly payroll cycles, which don't directly correspond with the Retirement Scheme's monthly calendar cycle. The most popular methods used by employers to meet the challenge of deducting a monthly amount from fortnightly pay are as follows

a. Multiply the monthly rate by 12 to revert to an annual amount, then divide by 26 or 27, depending on how many pay days there are for the next super year.
b. Deduct half of the monthly contribution amount for each of the two pay periods in a month and make no further deduction on a third payday in any month.

Depending upon the arrangements made between you and your employee, contributions can be made from post-tax, pre-tax (salary sacrifice) or a combination of both.

Remitting employee contributions

Under Commonwealth legislation and the Retirement Scheme rules, once deducted, the contributions must be forwarded to the Fund administrator by no later than the 28th day of the following month.

Additional member contributions

Retirement Scheme members can make top up contributions (pre-tax or post-tax) over and above the maximum 9% defined contributions.

However, these additional contributions do not count towards the defined benefits of the Retirement Scheme. Instead, they are invested in the accumulation-style OC account.

The OC account is also able to accept additional employer contributions (e.g. Award and 180 benefit point contributions), government co-contributions and rollovers from other super funds.

Employer contributions

Under the Active Super Trust Deed, the employer may be required to make certain contributions to the Retirement Scheme on a monthly basis:

- Defined contributions to fund the Employer Financed Benefit (EFB)
- Contributions to fund the defined Basic Benefit (BB)
- 180 Benefit Points contributions to a member's OC account
- Past Service contributions (where required) to supplement the defined contributions made in respect of the EFB.

Contributions to fund the Employer Financed Benefit (EFB)

The monthly contribution required to fund each member's EFB is based on a direct multiple (known as the billing multiple) of the member's own monthly contribution.

Although the multiple used has changed several times over the years, based on actuarial recommendations the current long-term funding multiple is 1.9. The employer is required to contribute at a rate of 1.9 times the member's contribution. This amount is calculated by the Fund administrator and included in the monthly *Contributions due* report issued to employers.

Although the employer's EFB contributions are based on a multiple of each member's own contribution, they are not paid directly to each member's account. Instead, they are paid into a pool of funds (known as the Employer Reserve) and are used to fund each EFB as members exit the Scheme.

The total monthly contribution of 1.9 times each member contribution is supplemented by a single, actuarially-determined lump sum amount. This additional employer contribution is confirmed on the monthly *Contributions due* report as past service contributions.

When a member has accrued 180 benefit points (i.e. the maximum permitted) over a period of 30 years or more, the employer is no longer required to contribute towards their EFB. Instead, the employer is required to make a contribution to the member's OC account (please refer below.)

As the EFB is a defined benefit and is based on certain variables (including the member's own long-term contributions), the contributions made by an employer for each member do not directly represent the EFB payment each member receives when they exit the Retirement Scheme.

Contributions for members with 180 Benefit Points

Employers are no longer required to contribute towards the EFB for an employee who has reached the maximum 180 Accrued Benefit Points in the Retirement Scheme.

Instead, a monthly contribution based on a percentage of each applicable member's salary is required. This amount appears on the monthly *Contributions due* report as '180 Benefit Points' contribution.

Although a defined contribution, the 180 Benefit Points contributions are not paid into a pool of funds like the defined employer EFB and BB contributions. Instead, they are paid directly to each member's OC account and are invested for the member.

For this reason, it is important that the 180 Benefit Points contributions are clearly identified when remitted to Active Super and paid within the required timeframe.

Employers are still required to pay the defined Basic Benefit (BB) contribution for members with 180 Accrued Benefit Points.

The formula used to calculate the 180 Benefit Points contribution is as follows:

SG Rate (%) – 2.5% (BB Contribution)

Increases to the 180 Benefit Points contribution may occur in the future, in line with any future increases to the rate of SG.

Contributions to fund the defined Basic Benefit (BB)

The monthly contribution required to fund each member's defined BB is based on a percentage of the member's current salary (as at the last 31 December).

Although the percentage has changed over the years, based on actuarial recommendations the long-term funding rate is currently 2.5% per annum.

The monthly amount representing the defined BB contribution for each member is reflected in the monthly *Contributions due* report.

Like the EFB contributions, BB contributions are not paid directly to each member's account. Instead, they are paid into the Employer Reserve and fund each BB as members exit the Scheme.

The *Contributions due* report

To assist with meeting your Retirement Scheme contribution obligations, Active Super provides each employer with a monthly *Contributions due* report (commonly referred to as the employer bill).

The report currently consists of the following five parts:

1. **Contributions received:** This section summarises, on a month-by-month basis, the total defined contributions received for the financial year to date, namely the defined member (CFB, pre-tax and post-tax) and employer (EFB), defined Basic Benefit (BB), 180 Benefit Points contributions and Past Service Contributions.

   This section includes any additional employer, pre-tax top up, post-tax top up contributions, plus any genuine Award contributions.

2. **Contributions due:** This is the main body of the report and lists, on a member-by-member basis, all defined contributions due in respect of each member.

   The defined member CFB and employer EFB, BB and 180 Benefit Points contributions due for the current month are included, as well as any adjustments made in respect of arrears (normally relating to previous short-payments) and credits (usually for previous over-payments).

   Positive and negative adjustments made to the monthly report are often due to mid-year changes to a member's employment circumstances, such as a change in hours worked or a period of non-prescribed leave without pay.

   A member may also reduce their contribution rate due to financial hardship. A form needs to be completed by the member.

   The *Contributions due* report combines any adjustments and arrears into a single amount labelled 'arrears/adjustments'. Any credit remaining for a member is offset against the following month's due amount for that member.

   Exited members are not included in the report, irrespective of whether or not any outstanding credits or arrears exist. Any arrears or credits in respect of the EFB and BB are offset against the Past Service contributions due for that month and the 180 Benefit Point contributions are refunded to the employer.

3. **Past service contributions/contributions due summary:** This provides an overview of all amounts due, paid and outstanding.

   The *Past service contributions* section displays the monthly due amount, any arrears from previous months and arrears for terminated employees. This item represents any defined employer contributions (EFB, BB and 180 Benefit Points contributions) outstanding upon the termination of a member's employment.

   The *Contributions due summary* section provides a summary of all the individual contributions listed by member in the preceding *Contributions due* section. The adjustments and arrears are combined in a single amount.

4. **Newly terminated employees list:** This section provides a list of newly terminated employees since the previous *Contributions due* report.

   Each newly exited employee appears on the list for one report only, as the list is refreshed each month.

5. **Contribution remittance advice:** The SuperChoice EmployerPay contribution remittance advice is used by the employer to accompany the payment of the contributions for the applicable month. It is a summary of the total amounts due, pre-populated from the contributions due summary.

   The SuperChoice EmployerPay contribution remittance advice also allows the employer to add the totals of any contributions not requested via the *Contributions due* report (i.e. member top up contributions or award contributions) or make adjustments to the pre-populated amounts.

Under Superstream, employers are required to pay their employees super contributions and send the associated data electronically. This can be done via SuperChoice EmployerPay.

The billing multiple

As previously described, the monthly defined employer contributions to fund the EFB of each member are based on a billing multiple, applied to each member's salary. Additionally, the employer contributions to fund the defined BB for each member are based on a percentage of each member's salary.

Historically, the billing multiple and BB contribution rate (%) were reviewed regularly by the Fund's actuary and adjusted, when deemed appropriate. In reviewing whether or not the billing multiple and BB contribution rate were set at appropriate levels, the actuary assessed the adequacy of the pool of funds from which members' EFB and BB are paid.

The historical movements in the Billing Multiple, BB rates and 180 Benefit Points rates are shown below:

DATE	BILLING MULTIPLE	BASIC BENEFIT RATE	180 BENEFIT POINTS RATE
1 July 1997 to 30 June 1998	1.9x	2.5%	N/A
1 July 1998 to 30 June 1999	1.3x	2.7%	N/A
1 July 1999 to 30 June 2000	1.0x	Nil	N/A
1 July 2000 to 31 October 2000	0.9x	Nil	N/A
1 November 2000 to 30 June 2005	Nil	Nil	N/A
1 July 2005 to 30 June 2008	0.95x	1.25%	N/A
1 July 2008 to 30 June 2009			
<180 Benefit Points	1.9x	2.5%	N/A
=180 Benefit Points	Nil	2.5%	6.5%
1 July 2009 to 30 June 2011			
<180 Benefit Points	3.8x	5.0x	N/A
=180 Benefit Points	Nil	6.9%	6.5%
I July 2011 to 30 June 2013			
<180 Benefit Points	1.9x	2.5%	N/A
=180 Benefit Points	Nil	2.5%	6.5%
From 1 July 2013 to 30 June 2014			
<180 Benefit Points	1.9x	2.5%	N/A
=180 Benefit Points	Nil	2.5%	6.75%
From 1 July 2014			
<180 Benefit Points	1.9x	2.5%	N/A
=180 Benefit Points	Nil	2.5%	7.00%

From 1 July 2021 <180 Benefit Points =180 Benefit Points	1.9x Nil	2.5% 2.5%	N/A 7.50%[2]
From 1 July 2022 <180 Benefit Points =180 Benefit Points	1.9x Nil	2.5% 2.5%	N/A 8.0%[2]

As at 1 July 2011, the Trustee returned the billing multiple and BB contribution rates back to their original levels with the intention of retaining them at these levels indefinitely.

Each financial year the actuary assesses the adequacy of the pool of funds, together with each employer's Retirement Scheme liability, and calculates a supplementary contribution amount for the year for each individual employer.

This supplementary amount, known as the Past Service Contribution, appears on each employer's *Contributions due* report, in 12 monthly instalments.

Government co-contributions

The entitlement of a Retirement Scheme member to Government co-contributions is the same as for an Accumulation Scheme member, as described. If Active Super receives a co-contribution in respect of a Retirement Scheme member, it is deposited to the member's OC account.

Non-concessional contributions

For the Retirement Scheme, the following contributions are considered to be non-concessional contributions:

- The member defined contributions (1% to 9%) when paid from post-tax salary.
- Member top-up contributions to their OC account when paid from post-tax salary.
- Spouse contributions received on behalf of the member to their OC account.
- Government co-contributions received on behalf of the member to their OC account (these do not count towards the member's non-concessional cap).

Any post-tax contributions or spouse contributions for each financial year must be reported to the ATO.

The rules for Retirement Scheme members in respect of the non-concessional cap are exactly the same as those described in the Employer Guide for the Accumulation Scheme.

Members who'd like more information about non-concessional contributions and the non-concessional cap can contact Member Care.

[2] The 180 Benefit Points contribution rate will rise in line with any future increases to the rate of SG.

Concessional contributions

For the Retirement Scheme, the following contributions are considered to be concessional contributions:

- Defined EFB contributions made by an employer.
- Defined BB contributions made by an employer.
- Defined CFB contributions made by the member on a pre-tax basis only.
- Top-up contributions made by the member to the OC account on a pre-tax basis only.
- Defined 180 Benefit Points contributions made by the employer to the OC account.
- Any other employer contributions, such as Award contributions.

For the purpose of reporting concessional contributions to the ATO, the defined EFB and BB contributions are estimated using a formula and form part of the Notional Taxed Contributions (NTC). In respect of each member, the NTC may not match the actual EFB and BB contributions made by the employer during the year.

The general rules for Retirement Scheme members in respect of the concessional contributions cap are the same as those described in the Employer Guide for the Accumulation Scheme. However, some extra complexity surrounds the reporting of these contributions to the ATO.

For those concessional contributions made to the accumulation-style components of the Retirement Scheme (i.e. all those specified above, except the defined EFB and BB contributions) reporting the totals at each financial year end is straightforward. However, because the defined EFB and BB contributions made by the employer during the year are not paid directly into each member's account, the amount to be reported to the ATO must be estimated.

The estimated amount is known as the Notional Taxed Contributions (NTC) and the methodology used to calculate it has been provided by government actuaries.

Included in the NTC for a member with less than 180 Accrued Benefit Points are:

- Defined EFB contributions made by the employer
- Defined BB contributions made by the employer
- Defined CFB contributions made by a member (pre-tax only).

The defined CFB contributions do not need to be estimated, but they form part of the total NTC, along with the estimated EFB and BB amounts.

For members who have reached 180 Accrued Benefit Points, only the defined BB contributions make up the NTC. The defined CFB contributions and other employer contributions must still be reported to the ATO as concessional contributions.

The Fund administrator calculates the NTC at the end of each financial year, adds the total to any other pre-tax contributions made to the Retirement Scheme for the financial year (to the OC account, for example) and then reports the total to the ATO as that year's concessional contributions. The ATO then assess the reported amount in respect of that employee's concessional cap.

In many cases, where a member's NTC exceeds the cap (i.e. not in conjunction with those concessional contributions that are not considered part of the NTC), there are special provisions in place to protect the member's NTC against breaching the cap. However, this protection does not apply to all members.

As this is a complex area, members enquiring about concessional contributions, the NTC and whether or not the NTC protection arrangements apply to them, should be referred to Member Care.

Benefit certificate

The SG legislation applies to the Retirement Scheme even though the Scheme partly consists of defined benefit components and employers do not make regular SG contributions.

It is the responsibility of Active Super and not the employer to ensure that a benefit paid to Retirement Scheme members satisfies the minimum benefits guaranteed under SG legislation.

The Active Super Trust Deed ensures that the SG obligations for all members are fulfilled. The way in which this is achieved is described in a Benefit Certificate. This certificate is provided by the Active Super actuary and is available at activesuper.com.au/employers/tips-and- tools/

A Retirement Scheme member's SG entitlements are calculated by reference to the increase in value of their employer funded components for the whole membership period since 30 June 1992. These entitlements are not by reference to the contributions actually paid by the employer for each individual year.

When a Retirement Scheme benefit becomes payable, if the employer funded components of the benefit are found to be of a lower value than the minimum required benefit calculated under the Benefit Certificate, an additional amount (known as 'the shortfall') is paid to the member to make up the difference.

Part-time employees

Salary ratio

The salary ratio forms part of the calculation of a member's monthly contribution. It also influences the ultimate value of a member's EFB and defined BB.

For full-time employees the salary ratio is always 1.0. For part-time employees, the salary ratio is less than one.

In order to determine the salary ratio for a part-time member, the Fund administrator requires the following salary information from the employer:

- The actual current part-time salary
- The attributed full-time superable salary (i.e. the salary that would be paid if the member was working full time).

The salary ratio is calculated as follows:

$$\frac{\text{Part-time salary}}{\text{Attributed full-time salary}}$$

Example

A member working full-time, with a salary of $90,000 reduces his working hours to three days per week and now has a salary of $54,000 per annum. His salary ratio is calculated as:

$54,000/$90,000 = 0.6000

When applied to his membership the salary ratio will reduce the member's monthly contribution and benefit points accrual to 0.6 of the full-time rate.

This also impacts an employer's monthly contributions to the EFB and defined BB.

For as long as a member is providing part time service to an employer and being paid a part-time wage, the superannuation entitlement (funded mainly by the employer) should also be reduced by the same proportion.

Reporting salaries for part-time employees

As the salary ratio directly impacts the contributions made by members and employers, the Fund administrator must be kept up to date with any employees' changes in hours worked, such as:

- full-time employees who become part-time
- part-time employees who commence full-time work
- part-time employees who increase or reduce their part-time hours.

You should notify the Fund administrator as soon as a change in working hours occurs by completing a *Change in hours worked* form found at activesuper.com.au/employers/forms/

Part-time and full-time equivalent salaries are also requested for part-time employees as part of the annual salary collection process prior to 1 April each year.

Leave without pay (LWOP)

There are two types of LWOP in the Retirement Scheme Trust Deed: prescribed and non- prescribed. The Retirement Scheme treats these two types of LWOP differently as discussed below.

Prescribed LWOP

The following are considered to be prescribed LWOP:

- Sick leave
- Secondment to a non-scheme employer
- Maternity leave
- Leave to perform union duties
- Paternity leave

- Parental leave
- Military leave
- Workers' compensation
- Leave to perform duties that are in the interests of the employer or state
- Other circumstances approved by the trustee.

During a period of prescribed LWOP, member and employer contributions continue to be payable as if the employee is still at work. As Active Super can't accept contributions directly from a member, it is recommended, where possible that prior arrangements be made with an employee taking prescribed LWOP, in respect of the employer recovering member contributions for the duration of the leave in order to pay the due amounts.

Where a period of prescribed LWOP exceeds two years, the excess period is treated as non-prescribed LWOP.

It is not necessary for the employer to notify the Fund of a period of prescribed LWOP.

Non-prescribed LWOP

Any LWOP not considered to be prescribed LWOP is considered to be non-prescribed LWOP.

A period of non-prescribed LWOP is treated very differently to prescribed LWOP in that contributions are not due (the member is unable to make defined contributions) and benefits do not accrue for any whole calendar months during which a member has taken non-prescribed LWOP. However, contributions are payable as normal for the month in which non-prescribed LWOP starts and finishes.

Example 1

A member's period of non-prescribed LWOP commences on 3 April and ceases on 27 July. Contributions are payable as normal for April and July, as the period of LWOP impacted only on parts of those months. However, no contributions are due for the months of May and June.

The exception to the rules described above occurs where the non-prescribed LWOP commences on the first day of the month, ceases on the last day of the month, or both. In these cases, contributions are not payable for that month (or those months) on the basis that the period of non-prescribed LWOP has impacted upon the whole month.

Example 2

So, if in example 1, the member's period of non-prescribed LWOP commenced on 1 April, contributions are not due for April as well as May and June. Additionally, if the non-prescribed period ceased on 31 July, contributions would also not be due for July.

Please note that defined BB entitlements do not accrue in respect of any period of non-prescribed leave which exceeds five days.

Notifying Active Super of a non-prescribed LWOP period

Please notify Active Super of any period of non-prescribed LWOP in excess of five days via the *Change in hours worked* form which is available at activesuper.com.au/employers/forms/ or from Employer Care. The employer is required to confirm the start date and end date (if known) of the non-prescribed LWOP period.
If the end date of the LWOP period is undetermined, the employee needs to advise Active Super of the date the employer has returned to work, as soon as possible after it occurs.

Contract employees (including Award regulated contracts)

Contract employees are taken to be all employees (other than executive officers) who are employed on an individual contract basis, including an individual on an award regulated contract.

Salary is the value of the employee's total salary package less:

- the Assessed Annual Cost (AAC) cost to the employer of providing Retirement Scheme benefits as determined by the Trustee.

Please note that the AAC to the employer of providing Retirement Scheme benefits may bear no apparent resemblance to the contributions actually paid by the employer at any given time. The AAC is calculated as follows:

Average contribution rate x 1.9 + 2.5% of salary

Once the initial salary is nominated, any increase in salary cannot be greater than the percentage by which the total salary package has increased since the salary was last nominated or changed. This means that a member's salary can only increase if the total value of the remuneration package has also increased.

Salary reductions

When a member has a reduction in salary, contributions continue to be payable on the unreduced salary up until the following 31 March, unless the Trustee approves a reduction in the contributions payable. Members who are subject to a decrease in salary should contact Member Care.

Special provisions apply where the reduction in salary is 20% or more. Under these circumstances, the member has the option of crystallising their accrued entitlement in the form of a deferred benefit and then either re-joining the Retirement Scheme as a new member or joining the Accumulation Scheme. Members wanting to take up this option need to lodge an application with Active Super.

Special provisions also apply to members who have had a salary reduction of any size, due to ill-health or other exceptional circumstances. A member may apply to Active Super to have their pre-reduction superable salary applied up until such time as their actual salary again reaches its pre-reduction level.

Annual reporting of salaries

In December each year, Active Super provides each employer with an electronic listing via email of members employed by that employer.

The employer is required to provide the Fund with the following details for those members:

Full-time members

- New full-time salary paid as at 31 December.

Part-time members

- Full-time equivalent salary as at 31 December, plus
- Part-time salary paid as at 31 December, or
- New salary ratio (if applicable).

Reporting of salaries on exit

For members ceasing employment, employers are required to advise Active Super of their annual salary as at their last day of work. This information is needed as soon as possible as it reduces the risk of a delay in removing the member from the *Contributions due* report. It also assists in the timely processing of any benefit payable to the member.

Retrospective salary adjustments

The salary to be reported each year for contribution purposes is the salary actually in payment at 31 December. Retrospective adjustments to pay (such as back dated pay increases) should not be reported for contribution purposes. However, if the salary reported as at 31 December is later identified as incorrect, any corrections to errors in the original salary reporting can be amended, so these should be reported to Active Super as soon as they are detected.

In the case of members who are ceasing employment, retrospective salary adjustments may be used to calculate their final benefits. Therefore, retrospective adjustments should be included in the salary information provided to the Fund via the Employment Termination Advice (ETA) which asks for the salary at exit and the previous two review days (i.e. the last 31 December and the 31 December before that).
This enables the Fund to correctly determine the benefit entitlements of members whose benefits are based on final average salary.

Members transferring between employers

Members of the Retirement Scheme who transfer their employment to another participating Active Super employer (or recommence a separate period of employment with the same employer) may have the option of transferring their contributory membership to their new employer, rather than exiting the Retirement Scheme. This is referred to as continuity of membership.

Continuity of membership within the Retirement Scheme can occur when a member has ceased employment and is entitled to apply for a benefit on the grounds of Retirement, Partial and Permanent Invalidity (PPI), Resignation/Dismissal/Discharge or Retrenchment.

In order to qualify for continuity of membership, the following criteria must be met:

- The new period of employment has commenced no later than three whole calendar months following the month in which the original employment ceased.
- The member has not been paid a benefit or any part of a benefit following the original termination of employment.
- The member has made the application for continuity of membership to Active Super within two months of the new employment commencing.
- The Active Super Trustee has granted approval for the continuity of membership to occur.

If the member has changed employers but is not eligible to apply for continuity or chooses not to apply for continuity, they may elect to defer their Retirement Scheme benefit or receive a benefit payment (subject to Retirement Scheme and Preservation rules). Upon commencement with the new Active Super employer the member has the opportunity to join the Active Super Accumulation Scheme for future contributions.

In some cases, it is possible to transfer Retirement Scheme membership if a member has moved to or from an EISS Super employer or a participating SASS employer. When a former Active Super member is seeking continuity to the EISS Retirement Scheme or SASS, this would be subject to the rules of that scheme and the approval of the relevant trustee is required.

New or terminating employees who may want to use these provisions can contact Member Care for further information and/or an application form.

Ceasing employment

In all cases when a Retirement Scheme member has ceased employment, certain information is required from the employer via an *Employment termination advice* form.

Employers should ensure that the *Employment termination advice* form is completed and sent to the Fund administrator as soon as possible. Additionally, any outstanding contributions should also be remitted as soon as possible so that the Fund administrator can calculate and pay the final benefit with minimal delay.

The Active Super *Employment termination advice* form can be found at activesuper.com.au/employers/forms/

Where a member has ceased employment due to invalidity, the employer is required to complete an *Employer Statement*, which forms part of the member's invalidity application pack.

For further information contact your Active Super client relationship manager or Member Care.

Important note: Until Active Super receives confirmation that a member has ceased employment, member and employer contributions will continue to be confirmed as due on the monthly *Contributions due* statement.

Executive officers

Retirement Scheme members who are considered to be executive officers have the option of transferring their Active Super membership to the Accumulation Scheme. Upon doing so, they can leave their accrued entitlements in the Retirement Scheme as a deferred benefit or have the Retirement Scheme benefit calculated and transferred to the Accumulation Scheme as a lump sum.

Employees seeking further information about transferring to the Accumulation Scheme as an Executive Officer should contact Member Care.

Members' entitlements

The main features of the Retirement Scheme are provided in the PDS available at activesuper.com.au/PDS

Employers who are asked about members' entitlements and options can refer members to the website or to Member Care but should not offer any specific information relating to benefits. No assurances should be given to exiting members that they will receive a particular benefit.